

## Scottish Charitable Incorporated Organisation (SCIO)

### What is it

- Scottish Charitable Incorporated Organisation (SCIO)
- Charities & Trustee Investment (Scotland) Act 2005
- Newest charitable legal form
  - Available since April 2011
- Purpose built specifically for Scottish charities

### Main features

- Charitable and incorporated (but not a company in traditional sense)
- Regulated by OSCR only
- Limited liability for Members and Charity Trustees
- Separate legal personality
- Flexible - single tier /two tier
- Member importance – greater legal duty & ultimate control

### SCIO Fundamentals

- Head office must be in Scotland
- At least 2 members (may include some or all of the Charity Trustees)
- Must have 3 Charity Trustees
- Existence depends entirely on charitable status
- Register of Members AND Charity Trustees must be kept
- Members Duties/Powers
- Asset lock – not for profit and non-distribution of assets upon dissolution
- Two tier or single tier
- Two tier – separate Members and Trustees
- Single tier – Trustees are the Members
- AGM must be held annually
- Must contain SCIO in name and/or on branding/paperwork
- Must pass charity test
- May set up trading subsidiaries

### Advantages

- Separate legal personality
- Limited liability for Members AND Trustees
- Single regulatory requirements – OSCR
- Protects against charity trustee personal liability
- Accounting procedures less onerous for smaller charities
- Less administration (i.e.no need to notify about appointments/resignation of Board)
- Viewed favourably
- Open/transparent
- Charity tax relief
- Rates relief
- Can receive donations and gift aid
- Greater access to funding streams
- Merging with other SCIOs requires little paperwork

### Disadvantages

- When SCIO winds up it ceases to exist entirely
- Not quick to establish (3 months minimum)
- Must keep register of Members as well as Trustees – could be onerous if large membership
- Existence dependent entirely on charitable status
- Cannot convert to another legal form
- As with any charitable form, restrictions in activity and trading
- Must be purely not for profit
- Still unknown outwith sector
- Cannot grant floating charge